

Labour Migration in Lithuania

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Abstract

Fundamental political, social and economic changes of recent years, having occurred in Lithuania, just like in other countries of the former socialist system, have predetermined an essentially new population migration pattern. Migration directions, flows, forms, volume, reasons, purposes as well as composition of migrants have changed significantly. These considerable shifts have turned up in internal and international migration flows as well.

It is quite difficult to understand the influence of different factors (political, economic, social, historical, ethnic, etc.) on contemporary migration flows because they are greatly intertwined. However, without doubt, recent political changes have been the main factor having affected the formation of contemporary migration patterns.

The enlargement of the EU creates favourable conditions for the population of new member-states to move freely from one country to another. Better work conditions and higher income are the main stimuli inducing people to migrate. However, the accession of new members to the EU, without any doubt, will affect both the new members themselves and the old countries of EU

Speaking about the positive and negative consequences for the new EU member-states as well as for old ones, we can say that they are very interrelated. If the old EU member-state has some advantages from free labour migration in certain aspects, new ones may have some disadvantages, and vice versa.

Introduction

Fundamental political, social and economic changes of recent years, having occurred in Lithuania, just like in other countries of the former socialist system, have predetermined an essentially new population migration pattern. Migration directions, flows, forms, volume, reasons, purposes as well as composition of migrants have changed significantly. These considerable shifts have turned up in internal and international migration flows as well. Transition to the market economy, privatisation of land, economic crisis, slow-down in industry have changed the shape of internal migration flows quite significantly: rural-urban flow has decreased, while, urban-rural flow has increased, and, as a result, the latter flow is now prevailing. A new political status of the Republic, contemporary migration policy, liberalisation of moving to the West have resulted in of the fulfilment of migration attitudes - to emigrate to Western countries. Besides, migratory movements have taken new shapes, which were non-characteristic of the former socialist countries with closed-door migration policies. Temporal and commercial migration as well as illegal one have spread considerably. A new political map of Eastern Europe stimulates migration eastwards - to the republics of the former Soviet Union and impedes immigration from this direction. Previous flows between Lithuania and the republics of the former Soviet Union have reversed: Lithuania has turned from the receiving country into the sending one.

It is quite difficult to understand the influence of different factors (political, economic, social, historical, ethnic, etc.) on contemporary migration flows because they are greatly intertwined. However, without doubt, recent political changes have been the main factor having affected the formation of contemporary migration patterns. However, they did not encourage these flows, but only served as the preconditions for the resurgence of other factors. They repealed restrictive legal regulations characteristic of the Soviet period, destroyed the borders between Eastern and Western countries and liberalised conditions for the moving to the West. They enabled functioning of factors of primarily economic and social nature - the welfare gap between the East and West, differences in living standards, etc. Moreover, liberalisation of conditions encouraged emergence of the migration forms (illegal, temporal, commercial, etc.).

At the same time it is necessary to note that, generally speaking, two factors are responsible for migration processes: 1) ejective factors (considering current location of the migrant); 2) attractive factors (considering the location potential migrant would like to live at). When analysing processes of external migration during 1990-2003 years, we can state that both ejective and attractive factors are not so intensive to cause mass external migration processes in Lithuania as well as in other Baltic countries. The main ejective factor is, of course, living standard decrease. The main attractive factor – potential income or living standard which one can guarantee living or working in other country (EU or OECD countries). The main attractive factor is higher work income. At the same time to have job in other country (means), one must speak foreign language, have experience in working with relevant equipment and so on. Secondly, many social-cultural differences are big enough to be taken into account. We can formulate an assumption that both longer and shorter departures to foreign countries are very attractive to our population although most of them prefer to live and work in Lithuania provided they may guarantee for themselves relevant income or living standard. The survey (made in Lithuania in 1999-2000) of private small businessmen often making their ways to foreign countries, showed that above 60% of them would like to work and to live in Lithuania constantly provided they

could get approximately the same (10-15 percent less) real income.

1. Phases of Labour Migration

Speaking about labour migration in Lithuania, the following three phases can be distinguished:

1. Before 1989;
2. The period of 1990 – 1995;
3. The period of 1996 – 2003.

The first phase is characterised by the peculiarities of the Soviet period. The possibilities of migration to the West were restricted; however, from 1960, Lithuania, like other Baltic countries, annually received 22 000–35 000 new inhabitants from the East (Latvia received the highest number of migrants, see Table 1) – mostly from Russian Federation, Ukraine and Belarus. This phase is also characterised by the high intensity of rural-urban migration (up to 30 000 population per year).

Table 1. Migration between the Baltic States and former USSR, 1960 – 1989 in thousands

	Estonia	Latvia	Lithuania
Immigration total	655,749	1,032,345	733,092
Average per year	21,858	34,412	24,436
Emigration total	460,623	723,458	525,524
Average per year	15,354	24,115	17,517
Net-migration total	195,126	308,887	207,568
Average per year	6,504	10,297	6,919

Source: (Šipavičienė, 1995a: 145)

The second phase is characterised by two main processes:

1. Intensive emigration of “Russian speaking” population;
2. Intensive short – term (“shuttle”) migration to the West.

The first flow of migration to the West commenced with commercial migration. From 1993-1994, the citizens of Lithuania more and more often started to travel abroad like tourists or for study purposes. This phase of migration to the West can be called a “reconnaissance” period. Lithuanian population got used to the market economy, social-legal environment in the different countries, living conditions and business possibilities. The transport network and legal regulation of international movement has improved; Lithuanian citizens were more and more allowed to freely move inside Europe and between other countries of the world.

The third phase of labour migration developed the tendencies that also characterise the current labour migration:

- The scale of individual commercial migration has decreased;
- Commercial migration has been changed by trade enterprises;
- The number of persons employed in foreign countries has increased (both in official as well as

illegal way);

- Geography of countries visited by Lithuanian citizens for work purposes has expanded (Ireland, Norway, Spain, Portugal);
- The economic relations of Lithuanian enterprises with foreign partners have developed;
- The number of enterprises with foreign capital has increased in Lithuania;
- The number of the youth studying in foreign universities has increased.

We can say that the citizens of Lithuania adapted very quickly to the social and economic environment in Western countries. The channels of official and unofficial migration have been established. Currently, the Lithuanians get work mostly in the USA, Germany, Great Britain and Ireland. Among Scandinavian countries, they find jobs mostly in Denmark and in Sweden. However, in the total migration context, people mostly go to Poland.

Table 2. Migration to the West by country of destination, 1998-2002 in per cent

Country of destination	%
Poland	19,1
Germany	17,0
USA	11,7
Great Britain	8,7
France	4,9
Denmark	6,2
Sweden	5,6
Norway	2,5
Finland	0,6
Czech Republic	3,1
Ireland	3,0
Spain	2,1
Benelux	2,5
Turkey	1,9
Hungary	1,2
Other	9,9
Total	100,0

Source: Author's calculations by (Sipaviciene, 1995b: 170).

Upon expert estimations, in 2003, about 195 000 citizens of Lithuania worked abroad. Mainly, they worked in construction works, agriculture, service sector (restaurants and hotels) and social work.

2. Free Labour Migration in the Period of Lithuania's Accession to the EU

The enlargement of the European Union (EU) creates favourable conditions for the population of new member states to move freely from one country to another and find jobs in any country of the EU. Better work conditions and higher income are the main stimuli inducing people to move from one country to another. However, the accession of new members to the EU, without any doubt, will affect both the new members themselves and the old ones. The old members are particularly worried about the accession of new members and possible effects upon their labour markets. That is caused by the fact that new member states are poorer, with considerably different economic development and high differences in wages (Beinoraviciene, 2002).

2.1. Possible Consequences in the European Union Countries

Speaking about the consequences of free labour migration in the EU countries, we can say that they will be the short-term ones (3-5 years). That is also illustrated by previous EU enlargement phases. The higher and more important rise of immigration from new member states was observed immediately after the transition to free labour migration; later, it considerably decreased and reached the normal level.

In the long-term perspective, the benefit of free labour migration will be observed in all countries. According to the theory of economics, the levels of capital investments, employment and wages get similar on common market; at the same time, wealth of all countries and various population groups increases; therefore, labour migration becomes not so an urgent problem. That happens because the capacity of labour market in EU countries is limited; migration costs money for migrants themselves; and, finally, the level of economy in the countries changes and becomes less important motive of migration (differences between income and employment possibilities are reduced).

Here, we can mention an example of Spain and Portugal. In 1986, when Portugal and Spain were in the process of assessing the EU, everybody feared of mass migration to wealthy neighbouring Western Europe countries – France, Italy, Great Britain. These pessimistic prognoses, however, did not come true – even vice versa. Having become members of the EU, Portugal and Spain saw the rapid rise in economy and strengthening of a democratic regime. Due to this, many emigrants returned to the native country (the same phenomenon was observed in Ireland when in 1973 it became the member of the EU).

Speaking about the positive and negative consequences in the new-member countries as well as in the old ones, we can say that they are very interrelated. If the old EU member-state has some advantages from free labour migration in certain aspects, new members may have some disadvantages, and vice versa.

These are the following possible positive consequences of free labour migration in the old EU countries:

- Growth of human capital without additional expenditure on education and labour formation;
- Growth of GDP and increase in income due to a more effective use of labour resources (because the country will have more young and skilled labour force);
- Provision with cheap labour force in those areas where local inhabitants do not want to work or their work is too expensive.

Negative consequences:

- Ejection of local labour in some regions or sectors;
- Reduction of labour price and increase of unemployment (mostly in those sectors where very skilled specialists are not needed);
- Decrease in the standard of living and social strain.

In order to avoid possible negative short-term labour migration consequences, the old EU member-states try to restrict free labour immigration from new member states. Transition periods are established for that purpose. The longest transition period the member state may wish to have is 7 years. However, in this respect, the EU has occupied rather flexible position. The old EU member states may conclude bilateral agreements with the new ones on liberalisation of free labour immigration from these countries. Ireland, Sweden, Denmark and Holland have already declared such intentions.

2.2. *Consequences in Lithuania*

Speaking about the consequences in Lithuania, we can emphasise that in the short-term perspective we should expect more negative consequences than positive ones. These are stipulated by social demographic characteristics of migrating people. For example, more people having jobs, but not the unemployed persons would emigrate. For this reason, the volume of production, savings and current financing of national budget as well as social insurance budget would decrease. According to the data of Survey of Living Conditions conducted in 2002, out of 4 people with intention to emigrate, 3 persons have jobs and only 1 is unemployed (Matulionis, 2001: 157)

Moreover, it is important not to forget also the factors that restrict labour migration to other countries: language barrier, family obligations, and situation on the labour market in other countries at the same time - possibilities to find jobs there. In other words, labour markets in the EU countries also raise certain requirements that, in most cases, should be met by the citizens of foreign countries looking for jobs abroad. One of the most important requirements is knowledge of local language. The experience of the EU over the period of fifty years shows that this is one of the main factors restricting free labour migration in the European economic space. However, high-skilled specialists are believed to know foreign languages. But even having learnt local language, not all persons manage to integrate into the strange society and adapt to cultural peculiarities in the country.

Emigration of skilled labour can cause much more negative consequences than that of unskilled one. For example:

- *Decrease of main production factors.* Relatively higher emigration of skilled labour can destroy the settled labour force structure; therefore, the unemployment of unskilled persons will increase; at the same time, the volume of production of gross domestic product (GDP) can decrease; and some strain in the labour market of unskilled labour will occur.
- *Decrease of production and income per capita.* Vacant jobs that have been previously occupied by the emigrated skilled specialists may be left unoccupied because of the lack of such skilled specialists; and training of employees as well as the improvement of their occupational skills requires much time and money.
- *Decrease of household expenditure and savings.* Export of income and savings related to emigration and settlement abroad may directly decrease household expenditure and savings.

- Shortage of skilled work and relative surplus of unskilled work also causes *income differentiation and social strain increase*.

In the long-term perspective, the negative consequences will not be so important since the “brain-drain” will be compensated by the “brain-return”; the relative surplus of unskilled labour will be compensated by foreign capital investments into labour-consuming sectors; the decrease of household expenditure and savings will be compensated by their increase due to the re-emigration and development of economy.

At the same time, we may emphasise that any restrictions placed on migration of the specialists are actually impossible under globalisation conditions. For already today, skilled specialists from Lithuania, e.g. computer specialists, find jobs in the EU countries without any difficulties. Perhaps, the only way to avoid “brain-drain” is the strengthening of economy, the increase in general standard of living in the country, the establishment of jobs corresponding to the qualification of employees (Stankuniene, 1996: 35-58). The membership in the EU, manifesting itself in the participation in the EU common market and increased direct foreign investments, promotes the general growth of economy.

Persons who migrate to other countries to work there but not to live usually stay in that country for a shorter period – mostly for 1 year, seldom for 1-3 years and very rarely for a longer period than 5 years. Therefore, one should hope that the re-emigrants would bring back new labour and management culture as well as earned income, thus, increasing household expenditure and savings. All that would promote the growth of economy as well.

2.3. Prognoses on the Scale of Labour Migration

According to T. Boeri and H. Brucker prognoses (Beinoraviciene, 2002), until 2010, under free labour migration, about 1,4 million employees or 2,9 million persons will immigrate into economically better standing countries from ten new-members (total number of the population in new member countries amounting to 105 million). There are prognoses that by 2030 about 1,8 million employees or 3,9 million people will emigrate from their countries. During the period of 10 years the migration flow should slow down from 335 000 people (out of them – 120 000 of working age) up to 145 000 persons annually. On the basis of the aforementioned prognosis, during 10 years up to 2% of employees (about 32 000 persons) may emigrate from Lithuania with the aim of looking for a job, and if included their family members – up to 4% of the population (about 140 000 persons).

According to the Survey of Living Conditions that was conducted by Lithuanian specialists together with the Norwegian Institute of Applied Social Studies (FAFO), at the end of 1999 there were 2,5% or almost 100 000 citizens who intended to go abroad for living purposes (not particularly to work) during next 3 years. These are the groups of people who intend to go abroad at the first place: younger persons (up to 34 years of age), having secondary or vocational education; those who are considered as labour force, particularly, the unemployed; single persons; persons from the cities; those who are the poorest or the wealthiest, but not those with average income.

According to the survey conducted by the Institute of Labour and Social Research in 2000, which covered university graduates, more than two-thirds (69%) of the respondents would like to work abroad for 1–2 years. This testifies rather high aspiration of the graduates to work abroad and strong potential “brain-drain” possibilities to the EU and other countries. Quite a lot of respondents (28%) consider their education sufficient for employment in the EU countries by received speciality

(Gruzevskis, 2001: 72).

Summarising, we can say that the potential emigrants from Lithuania may be characterised by the same features as emigrants from other countries: emigrating persons are of younger age, they are better educated, more active and less dependent on other persons (e.g. single persons, independent employees).

However, we should also mention that the population in Lithuania is characterised by far low total migration level, even inside Lithuania. According to the Survey of Living Conditions only 8,9% of the respondents plan to move to another place for living. Out of them, 3,2% would like to live in another city of Lithuania and only 2,3% of the respondents plan to emigrate to another country. Though, the polls of the society opinion conducted in November of 2000 showed that even 51% of the population in Lithuania hoped that the advantage of being the member of the EU was more possibilities to find jobs in the EU countries.

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